

**ANNUAL REPORT AND FINANCIAL STATEMENTS
2006 – 2007**

**SASKATCHEWAN SNOWMOBILE FUND
FOR THE FISCAL YEAR ENDING MARCH 31, 2007**



SASKATCHEWAN SNOWMOBILE ASSOCIATION INC.

INTRODUCTION:

The Saskatchewan Snowmobile Fund (Fund), also called the Trail Fund, was established under The Snowmobile Act (Act) 1999 & revised 2005. The Fund provides money for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails.

The legislative authority for the Fund and the specific provisions of the Fund are found in The Snowmobile Act and the Regulations thereunder.

Pursuant to the Act, the Minister appointed the Saskatchewan Snowmobile Association Inc. (SSA) to administer the Fund.

FUND PURPOSE:

The Snowmobile Fund is administered by the Saskatchewan Snowmobile Association Inc. (Trail Fund Manager).

The Fund provides on-going funds required to operate and maintain safe snowmobile trails in Saskatchewan.

The Fund distributes monies to eligible clubs to maintain and groom snowmobile trail based on a formula agreed upon by all SSA member clubs.

During the 2006 – 2007 fiscal year, a total of 45 clubs received \$348,440.00 to maintain 6976 km of trail.

COMPARATIVE FIGURES:

	<u>2006 - 2007</u>	<u>2005 - 2006</u>	<u>2004 - 2005</u>	<u>2003 - 2004</u>
# of Clubs Funded	45	49	49	50
Amount Paid to Clubs	\$348,440	\$264,855	\$170,837	\$184,590
# of Kilometers Maintained	6,976	8,292	8,687	9,270
1 - Day	N/A	N/A	660	672
3 - Day	N/A	N/A	1,049	N/A
7 - Day	N/A	N/A	205	710
Annual - Before December 1	N/A	N/A	4,715	3,427
Annual - After December 1	N/A	N/A	903	2,375
SGI Snowmobile Registrations	17,606	12,076	N/A	N/A

MANAGEMENT OF KEY RISKS:

Awareness:

This past season saw approximately 5000 more snowmobiles register. This is due to two reasons; weather & the acceptance of the registration fee. We received only a few (4-5) negative inquiries this season and countless positive remarks

Enforcement:

This seems to be an ongoing issue, we have seen a positive response from the RCMP but it is only done in areas where a member wants to use the detachment snowmobiles. The RCMP Member should be doing patrols on an ongoing basis and not because they have an individual interest. We can say we are seeing a vast improvement.

An area that needs addressing is the Sask. Environment Conservation Officers. They do not patrol the snowmobile trails within the parks or on Crown Lands. If this were to change there would be a very large difference in registration, attitude and behavior. The statistics tell the story, 8 fatalities this past season and a large number of accidents causing injuries. The leading cause is alcohol and speed. This needs to be addressed by the RCMP and Sask. Environment.

Volunteer Burnout:

This is an ongoing issue for the clubs; we are not seeing a large number of new or younger folks chipping in to make the snowmobile world go round. Many clubs are now hiring staff to complete the job. This is putting financial pressure on the clubs.

Business receives but does not contribute to the trail system:

This continues to be the trend, with many businesses complaining that they want more. What the business community does not understand is that the snowmobile trail system is a part of their business and if they get involved they will get more. The business community has had it good for so long they feel they can demand from the clubs.

Old Grooming Equipment:

This is the most critical issue facing the snowmobile industry in Saskatchewan. The clubs have been so under funded for so long the equipment has not been replaced or in some cases been maintained. For the past ten years the clubs have fundraised to keep the equipment running and not had the resources to see equipment replaced. We will see trails close in many areas if this is not addressed.

Theft:

We are seeing a decline in trail sign theft; many people feel that everyone that wanted a sign must have it by now. This is an enforcement issue and with increased enforcement we would see the numbers continue to decline.

Quality Trails:

This past season we saw in some cases where the trails were in not so very good condition. This is from aging and failing equipment. With the public now paying the fees there needs to be a partnership with the Federal and Provincial Governments and the Trail Fund to see an investment into upgrading the equipment.

You are Here Signs:

The clubs feel this is important and we should see an approval for this expenditure at the AGM in June of 2007. This will be a great addition to the trail system for many years.

Accidents:

This season saw 8 fatalities and many accident-causing injuries and cost to our health care system. The majority of accidents and fatalities are caused by alcohol and speed. The two mixed together are a deadly mix. With increased awareness and a proactive ad campaign we could see the start of reduction. It takes education to get the word out to the public. We hope to partner with SGI this coming fall with a safety campaign on snowmobile safety.

Climate Conditions:

This past season we saw the province get a good covering of snow. The snow came early and this was very beneficial to the businesses that make a living from snowmobiling. We saw the central and northern parts of the province get large accumulations of snow. This has its effects on the clubs' finances. With added snow the clubs must undertake more maintenance and the cost increase.

Club Fundraisers:

Clubs continue to subsidize the trail maintenance cost. The fee on snowmobile registration must increase to offset the cost the clubs continue to subsidize. Without an increase the clubs will never replace their old equipment and will fail to maintain the trail system.

Third Party Liability Insurance:

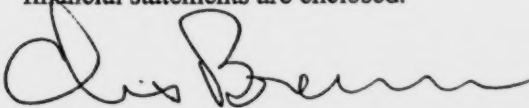
The SSA put the insurance out for bid last July for a carrier that provided the insurance for approximately 40% less than the previous provider. The SSA will continue to look for reductions in insurance cost.

Management's Responsibility for Financial Statements

The Saskatchewan Snowmobile Association (Association) is responsible for establishing and maintaining a system of internal control, complying with authorities and maintaining the Saskatchewan Snowmobile Fund's (Fund) financial records and financial statements. The financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

The Association's Board oversees management in the performance of its financial reporting duties.

The Provincial Auditor of Saskatchewan annually examines the Association's system of internal control, compliance with authorities and the Fund's financial statements. A copy of the Provincial Auditor's opinions on the internal control, compliance with authorities and the financial statements are enclosed.

A handwritten signature in dark ink, appearing to read "Chris Brewer", with a stylized, flowing script.

Chris Brewer
CEO

Saskatchewan Snowmobile Association Inc.
Regina Beach, Saskatchewan
July 11, 2007

SASKATCHEWAN SNOWMOBILE FUND

FINANCIAL STATEMENTS

For the Year Ended March 31, 2007



SASKATCHEWAN

Provincial Auditor Saskatchewan

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AUDITOR'S REPORT

To the Members of the Legislative Assembly of Saskatchewan

I have audited the statement of financial position of the Saskatchewan Snowmobile Fund as at March 31, 2007 and the statements of operations and accumulated surplus, and cash flows for the year then ended. The Fund's management is responsible for preparing these financial statements for Treasury Board's approval. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Fund as at March 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Regina, Saskatchewan
May 24, 2007

Fred Wendel, CMA, CA
Provincial Auditor

**Saskatchewan Snowmobile Fund
STATEMENT OF FINANCIAL POSITION**

STATEMENT 1

As at March 31

	2007	2006
FINANCIAL ASSETS		
Cash	\$ 2,492	\$ 4,387
Accounts receivable (Note 8)	15,060	23,360
Investments (Note 5)	704,650	359,408
GST receivable	<u>1,631</u>	<u>1,355</u>
	723,833	388,510
LIABILITIES		
Due to Saskatchewan Snowmobile Association	\$ 58,405	\$ 55,117
Accounts payable	<u>1,468</u>	<u>2,669</u>
	59,873	57,786
Net Financial Assets	<u>663,960</u>	<u>330,724</u>
NON FINANCIAL ASSETS		
Capital assets (Note 3)	<u>\$ 3,024</u>	<u>\$ —</u>
Accumulated Surplus (Statement 2)	<u>\$ 666,984</u>	<u>\$ 330,724</u>

(See accompanying notes to the financial statements)

Saskatchewan Snowmobile Fund
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS

STATEMENT 2

Year Ended March 31

	2007		2006
	Budget (Note 6)	Actual	Actual
REVENUES			
Trail Fund permit sales	\$ ---	\$ ---	\$ 1,149
Less: commissions	---	---	240
Net permit sales	---	---	909
Transfer from General Revenue Fund – Department of Regional Economic and Cooperative Development (Note 2)	520,000	704,240	483,040
Interest & Other revenue	3,200	18,836	6,227
Total Revenues	523,200	723,076	490,176
EXPENSES			
Trail funding to clubs	395,000	248,440	289,000
Liability insurance	35,000	33,647	71,073
Administration (Note 7)	56,050	65,291	55,855
Travel and meetings	9,000	8,864	9,630
Marketing and promotion	10,000	18,911	12,311
Safety expenses	14,000	11,663	10,000
Trail permit supplies written off (Note 9)	---	---	12,224
Bad Debt expenses	---	---	93
Total Expenses	519,050	386,816	460,186
Surplus for the Year	\$ 4,150	336,260	29,990
Accumulated Surplus, beginning of year		330,724	300,734
Accumulated Surplus, end of year – to Statement 1		\$ 666,984	\$ 330,724

(See accompanying notes to the financial statements)

**Saskatchewan Snowmobile Fund
STATEMENT OF CASH FLOWS**

STATEMENT 3

Year Ended March 31

	<u>2007</u>	<u>2006</u>
Cash flows from (used in) operating activities:		
Receipts from sale of permits including GST	\$ —	\$ 71,958
Receipts from General Revenue Fund – Department of Regional Economic and Cooperative Development	713,440	459,680
Receipts of interest and other revenue	18,836	6,227
Payments to suppliers	(128,212)	(123,680)
Payment of GST	-	(18,381)
Payments for travel and meetings	(8,864)	(9,630)
Payments to clubs for trail funding	(248,440)	(289,000)
	<u>346,760</u>	<u>97,174</u>
Cash flows from (used in) investing activities:		
Purchase of investments	(703,242)	(503,224)
Sale of investments	358,000	389,000
	<u>(345,242)</u>	<u>(114,224)</u>
Cash flows from (used in) financing activities:		
Purchase of Furniture & Equipment	(2,718)	—
Purchase of Computer Equipment	(694)	—
	<u>(3,413)</u>	<u>—</u>
Net increase (decrease) in cash	(1,895)	(17,050)
Cash, beginning of year	<u>4,387</u>	<u>21,437</u>
Cash, end of year	<u>\$ 2,492</u>	<u>\$ 4,387</u>

(See accompanying notes to the financial statements)

SASKATCHEWAN SNOWMOBILE FUND
NOTES TO THE FINANCIAL STATEMENTS
March 31, 2007

1. Legislative authority

The Saskatchewan Snowmobile Fund was established pursuant to section 20.7 of *The Snowmobile Act*. The Fund's purpose is to provide funding for designation, supervision, construction, maintenance, administration, control and operation of designated snowmobile trails. The Minister responsible for *The Snowmobile Act* appointed the Saskatchewan Snowmobile Association Inc. to administer the Fund as trail manager. The trail manager is responsible for establishing the trail funding allocation criteria for the distribution of the money in the Fund to the snowmobile clubs who maintain the trails.

Effective November 15, 2005, the Fund no longer sells permits. Instead, pursuant to an agreement with the Department of Regional Economic and Cooperative Development (Department), the Department is committed to provide yearly grants to the Fund. The grant is determined on the number of snowmobile registrations in the province multiplied by the permit fee described in *The Snowmobile Regulations 1998*.

2. Significant accounting policies

These financial statements are prepared in accordance with generally accepted accounting principles as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. The following accounting principles are considered significant:

a) Capital assets

Individual capital assets costing more than \$500 are capitalized. Amortization of these capital assets commences in the year of acquisition and is calculated on the straight-line basis over their useful lives as follows:

Furniture & equipment	5-10 years
Computer equipment	3 years

b) Investments

Investments are recorded at cost.

c) Trail funding to clubs

Trail funding to clubs is recorded as an expense when funding requests have been approved and the clubs have met the eligibility criteria.

d) Revenue

Trail permit revenue is recognized when the permit is issued.

Transfer from the General Revenue Fund – Department of Regional Economic and Cooperative Development is recognized based on the agreed upon formula.

3. Capital assets

	2007			2006
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Furniture & equipment	\$ 2,718	\$ 272	\$ 2,446	\$ —
Computer equipment	3,491	2,913	578	—
	<u>6,209</u>	<u>3,185</u>	<u>\$ 3,024</u>	<u>\$ —</u>

4. Financial instruments

The Fund's financial instruments include accounts receivable, investments, accounts payable, GST receivable, and due to Saskatchewan Snowmobile Association. Information about the fair value of investments is disclosed elsewhere in these financial statements. The fair value of the other instruments approximates their carrying value due to their immediate or short-term nature.

5. Investments

The Fund holds units in the RBC Canadian T-Bill Fund, which invests in high quality, short-term debt securities such as treasury bills. The RBC Canadian T-bill Fund has no fixed interest rate and its returns are based on the success of the fund manager.

6. Budget

The budget was approved by the Board of Directors of the Saskatchewan Snowmobile Association Inc.

7. Administration

The Saskatchewan Snowmobile Association Inc. incurs the accommodation, salaries, and some operating costs associated with administering the Fund. These costs are allocated to the Fund based on the time staff spends to administer the Fund. The Fund then pays Saskatchewan Snowmobile Association Inc. for these costs. The Fund also incurs certain operating costs directly. The costs allocated by the Saskatchewan Snowmobile Association Inc. and the direct costs of the Fund were as follows:

	2007			2006
	Allocated costs	Direct costs	Total	Total
Salaries	\$ 37,058	\$ —	\$ 37,058	\$ 34,563
Postage	194	5,418	5,612	3,263
Rent	3,427	—	3,427	3,285
Telephone	2,841	—	2,841	2,992
Computer maintenance	672	289	961	325
Marketing	328	—	328	228
Trade shows	328	—	328	164
Professional services	482	3,417	3,899	605
Amortization	—	388	388	465
Office supplies	1,074	1,044	2,118	1,470
Printing	129	707	836	226
Office insurance	490	—	490	718
Bank charges	215	467	682	666
Membership dues	616	—	616	912
Board expenses	3,536	—	3,536	3,756
Staff training	177	—	177	330
Club expenses	984	—	984	296
Meeting expenses	194	—	194	282
Other	444	—	443	1,039
Staff travel	373	—	373	270
	<u>\$ 53,561</u>	<u>\$ 11,730</u>	<u>\$ 65,291</u>	<u>\$ 55,855</u>

8. Related parties

These financial statements include transactions with related parties. The Fund is related to all Saskatchewan Crown agencies such as departments, corporations, boards and commissions under the common control of the Government of Saskatchewan. Also, the Fund is related to non-Crown enterprises that the Government jointly controls or significantly influences.

Routine operating transactions with related parties are recorded at agreed upon rates and are settled on normal trade terms. Accounts receivable includes \$15,060 (2006 - \$23,360) from the General Revenue Fund – Department of Regional Economic and Cooperative Development. Expenses include \$2,841 (2006 - \$2,992) paid to related parties for certain services during the year.

In addition, the Fund pays Saskatchewan Provincial Sales Tax to the Saskatchewan Department of Finance on all its taxable purchases. Taxes paid are recorded as part of the cost of those purchases.

Other transactions and amounts due to and from related parties and the terms of settlement are described separately in these financial statements and the notes thereto.

9. Trail permit supplies write-off

Effective November 15, 2005, the Fund no longer issues trail permits. Accordingly, the Fund wrote off its supply of blank trail permits that had a book value of \$12,224.

10. Comparative Figures

Certain comparative figures have been restated to conform to the current year's presentation.

PAYEE LIST FOR THE FISCAL YEAR 2006-2007 (UNAUDITED)

CLUBS RECEIVING GRANTS OF \$5000 OR MORE

1. Archerwill Drift Riders	\$ 5,647.59
2. Battlefords Trail Breakers	7,469.88
3. Calling Lakes Cruisers	5,400.98
4. Candle Lake Sno Drifters	7,731.38
5. Cupar Snowmobile Club	5,240.96
6. Esker Bear Inc.	10,918.67
7. Hudson Bay Trail Riders	23,896.84
8. Kamsack Snow Drifters	5,798.19
9. Kelvington Trailblazers	12,887.80
10. Lakeland Snowmobile Club	12,769.20
11. Last Mountain Lake Drifters Snowmobile Club	6,330.81
12. Melfort & District Trail Riders	5,508.28
13. Moose Mountain Snowmobile Club	6,664.16
14. Naicam Snowblasters Inc.	12,010.54
15. Northern Lights Snowmobile Assoc.	5,692.77
16. Pasquia Snow Goers	5,948.79
17. Porcupine Trail Blasters Inc.	5,218.37
18. Prairie & Pine Sno Riders Inc.	8,584.34
19. Roughriders Snowmobile Club	7,940.51
20. Saskatoon Snowmobile Club	6,494.73
21. Twin Lakes Trail Blazers	8,765.06
22. Yorkton Sno-Riders	18,222.89

SUPPLIERS RECEIVING \$20,000 OR MORE

Saskatchewan Snowmobile Association –	
Third Party Liability Insurance	\$33,647.00
Administration & Wages	65,291.00

**CLUBS THAT RECEIVED TRAIL FUNDING
FROM THE 2005- 2006 SNOWMOBILE SEASON**

TRAIL FUND PAYOUT

#	Club Name	Paid Dec./05	Paid Aug./06	Total Paid
1	Archerwill Drift Riders Inc.	1,931.40	5,647.59	7,578.99
2	Battlefords Trail Breakers	1,305.36	7,469.88	8,775.24
3	Blaine Lake Snowdrifterz	0.00	1,615.21	1,615.21
4	Border Explorers Snowmobile Club	3,404.59	3,557.98	6,962.57
5	Broadview Snow Busters Snowmobile Club	1,054.94	0.00	1,054.94
6	Calling Lakes Cruisers	3,889.44	5,400.98	9,290.42
7	Candle Lake Sno-Drifters Inc.	4,468.86	7,731.38	12,200.24
8	Canwood Sno-Blazers	1,258.74	3,652.11	4,910.85
9	Chitek Lake Bush Buddies Inc.	1,750.25	3,200.30	4,950.55
10	Crossroad Sno-Diggers	439.56	160.40	599.96
11	Cupar Snowmobile Club	0.00	5,240.96	5,240.96
12	Elbow Lake Sno Drifters	671.33	1,987.95	2,659.28
13	Esker Bear Inc.	4,768.56	10,918.67	15,687.23
14	Estevan Snowmobile Club	0.00	600.00	600.00
15	Grenfell Snowdrifters	949.05	0.00	949.05
16	Hudson Bay Trail Riders Inc.	7,340.65	23,896.84	31,237.49
17	Kamsack Snow Drifters	2,095.24	5,798.19	7,893.43
18	Kelvington Trailblazers Inc.	4,701.96	12,887.80	17,589.76
19	Lakeland Snowmobile Club Inc.	5,104.89	12,769.20	17,874.09
20	Last Mountain Lake Drifters Snowmobile Club Inc.	2,720.04	6,330.88	9,050.92
21	Leoville Snow Drifters Inc.	832.50	1,637.80	2,470.30
22	Lintlaw Snow Drifters Inc.	1,864.80	1,712.79	3,577.59
23	Melfort & District Trail Riders Inc.	2,168.50	5,508.28	7,676.78
24	Mistatim Snow Packers Inc.	0.00	4,405.12	4,405.12
25	Moose Mountain Snowmobile Club	4,531.46	6,664.16	11,195.62
26	Naicam Snowblasters Inc.	3,649.68	12,010.54	15,660.22
27	Northern Lights Snowmobile Assoc.	2,424.24	5,692.77	8,117.01
28	Pasquia Snow Goers Club Inc.	0.00	5,948.79	5,948.79
29	Pelly Sno Prowlers Inc.	1,377.29	3,795.18	5,172.47
30	Porcupine Trail Blasters Inc.	1,954.04	5,218.37	7,172.41
31	Prairie & Pine Sno Riders Inc.	2,733.26	8,584.34	11,317.60
32	Rhein Sno Cruisers	1,582.42	4,243.22	5,825.64
33	Rough Rider Snowmobile Club	2,863.80	7,940.51	10,804.31
34	Saskatoon Snowmobile Club	2,045.95	6,494.73	8,540.68
35	Showstoppers Snowmobile Club Inc.	2,649.35	4,649.85	7,299.20
36	Souris River Snowmobile Club	0.00	600.00	600.00
37	South East Sask. Stubble Jumpers	3,384.61	0.00	3,384.61
38	Springside Snowmobile Club	341.00	1,016.57	1,357.57
39	Timber Trails Sno Riders	1,182.82	3,343.37	4,526.19
40	Trakkers Snow Club	987.01	2,710.84	3,697.85
41	Tri-Valley Trails Inc.	3,704.29	3,388.55	7,092.84
42	Twin Lakes Trail Blazers Inc.	2,877.12	8,765.06	11,642.18
43	Weekes Bush Pushers Club Inc.	1,132.20	3,254.89	4,387.09

44	Whiteswan Snow Hawks	1,731.60	3,765.06	5,496.66
45	Yorkton Sno-Riders Club Inc.	6,127.20	18,222.89	24,350.09
	Total	100,000.00	248,440.00	348,440.00

Clubs paid in December 2005: 2004 – 2005 Fiscal Year:

\$100,000.00

Clubs paid in August 2006: 2005 – 2006 Fiscal Year:

248,440.00

\$348,440.00